

Cost of living parliamentary briefing

June 2022

Background

At Age UK, we are concerned about how the rising cost of living is affecting older people on low and modest incomes. Prices of everyday items are going up so quickly now that they risk being overwhelmed. Household energy prices have gone up by 54% for the typical consumer and are expected to rise by a further 42% come the autumn. With the Bank of England predicting that inflation will reach more than 10% this year, and with State Pension and benefits have only increased by 3.1% in April 2022, this leaves a worrying gap in older people's finances.

Higher prices have resulted in older households on the lowest incomes often being unable to cover essential day-to-day costs. From January to March this year, Age UK's Advice Line saw an 8% rise in calls compared with the same time last year, a significant increase on the already very high numbers of calls we experienced during the lockdown a year ago. We are seeing an increasing number of older people coming forward who are anxious and fearful about their ability to cope financially.

Age UK position

Age UK is pleased and relieved that the Government has recognised the extreme risks soaring inflation pose to the health and welfare of pensioners, particularly those on low incomes. The Chancellor has now announced a package of support which will make a difference and protect most people from the worst impact of the unprecedented surge in the cost of living.

Targeting most of the support on offer to pensioners who receive means-tested benefits, that is Pension Credit, is the right thing to do, but as a result it is more important than ever that every older person who qualifies receives their due. We know that some three quarters of a million are missing out at the moment, so we urge anyone who thinks they may be eligible to put in a claim without delay.

At Age UK we will be tracking the experiences of older people, especially those on low incomes, as the months go by. We will also continue to campaign with others for more investment in energy efficiency and for the introduction of an improved energy social tariff since, in the longer term, these would help pensioners to keep on top of their energy bills and support progress towards our zero carbon targets.

We are pleased that the Chancellor restated his commitment to the Triple Lock during his speech. It is absolutely crucial for older people that it kicks in again next year.

The new support package

The Government have announced a package of support to protect people from the rising cost of living. The package consists of:

- A £650 one off cost of living payment for means tested benefit recipients. The £650 will be split between the summer and autumn and should be delivered through the existing benefits system.
- People in receipt of disability benefits will receive a disability cost of living payment of £150 in September.
- The Chancellor has committed to reinstate the Triple Lock next year and to uprate benefits by this September's CPI inflation rate, which should result in a higher benefits uprating than using next year's rate.
- Pensioner households will receive a £300 one off increase to the Winter Fuel Payment this winter. People will be eligible for this payment if they are over State Pension age (aged 66 or above) between 19 – 25 September 2022.
- The Energy Bills Support Scheme (EBSS), consisting of a £200 reduction to energy bills in October, will be doubled to £400. The Government have also proposed removing the repayment levy, meaning consumers will not have to pay the money back, providing all electricity customers in Britain with a reduction on their bills.
- An additional £500 million for the Household Support Fund, effectively trebling the Scheme to £1.5 billion and extending it to this winter.

Groups who might miss out on support

- The Government has made a concerted effort to ensure the package of support will reach most groups. However, we are concerned the groups below will miss out on support, making ends harder to meet:
- Those just above the eligibility threshold for benefits - we are worried that people who miss out on their benefits entitlement, or are just outside of eligibility for support, face an even starker financial cliff edge this year.
- Those who are eligible but not receiving Pension Credit - around 770,000 older households are missing out on Pension Credit despite being eligible¹. The eligibility date for the first instalment of the £650 cost of living payment and the £150 disability payment has been set at 25th of May 2022. Claimants will need to be in receipt of benefits or have begun what is later a successful claim by that date. This means that future benefit claimants may miss out on the additional payments.
- Those on Pre-Payment Meters - the major stumbling block to delivery of the Energy Bills Support Scheme (EBSS) will be successful distribution to users of traditional, or legacy, prepayment meters (PPMs). While smart prepay customers should automatically receive the rebate as meter credit, customers using legacy prepayment meters will receive vouchers or Special Action Measures (SAMs) to redeem after the qualifying date in October.

- Park home residents - park home residents do not have a domestic electricity supply contract because their landlord or site owner operate a commercial contract with a supplier. This will exclude park home residents from the Scheme. There are around 85,000 park home households in England and residents are more likely to be aged 60 or older.
- Some older people receiving care - housing-with-care, housing-with-support and care home residents paying for their energy via a service charge or direct to their landlord could also face barriers to accessing the EBSS.
- Age UK has heard worrying reports that local council discretionary funds have proved difficult to access in some cases. Reports of some councils requiring people to have an email address to access funds are concerning. Older people face higher rates of digital exclusionⁱⁱ so it is crucial that local authorities maximise access and ensure offline routes to accessing the HSF.

What Age UK would like to see:

- The Government must do a lot more to ensure everyone eligible for benefits, particularly Pension Credit, receives their entitlement as soon as possible.
- The Department for Business, Energy & Industrial Strategy should establish a price cap or alternative protection for households off the gas grid who are reliant on solid and liquid fuels which are not protected by Ofgem's existing cap (e.g. oil, smokeless fuel and bottled gas).
- Local authorities should maximise access to the Household Support Fund.
- The £400 energy bill rebate must be fully accessible to the 1 million older households relying on a smart or legacy prepayment meter (PPM). Age UK is especially concerned that legacy PPM users face barriers to redeeming their meter top-up vouchers.
- With around 85,000 park home households in England it is crucial the £400 Energy Bill Support Scheme is extended to them.
- Longer term, the Government must introduce improved social tariffs into the energy market.
- Targeted support must be provided to improve household energy efficiency for those on the lowest incomes, ensuring a long-term solution to spiralling bills.

Get in touch

If you have any questions or would like to meet to discuss how you can help older people who are unable to cope with the rising cost of living, please contact Roshni Mistry, Senior Public Affairs Officer, at roshni.mistry@ageuk.org.uk.

ⁱDWP, 2022. Income-related benefits - estimates of take-up: financial year 2019 to 2020. Department for Work and Pensions. [Online]. Available at: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2019-to-2020>. [Accessed 25/05/22].

ⁱⁱ Age UK, 2021. *Briefing Paper: Digital inclusion and older people – how have things*

changed in a Covid-19 world?. Age UK. [Online]. Available at:
<https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/digital-inclusion-in-the-pandemic-final-march-2021.pdf>. [Accessed 05/08/21].